

AMENDED IN SENATE AUGUST 2, 2016

AMENDED IN SENATE JUNE 15, 2016

AMENDED IN SENATE JUNE 13, 2016

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2868

**Introduced by Assembly Member Gatto
(Coauthor: Assembly Member Cristina Garcia)**

February 19, 2016

An act to add and repeal Section 2838.2 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2868, as amended, Gatto. Energy storage.

Existing law requires the Public Utilities Commission (PUC) to determine appropriate targets, if any, for each load-serving entity to procure viable and cost-effective energy storage systems to be achieved by December 31, 2020.

This bill would, until January 1, 2020, require the PUC, in consultation with the State Air Resources Board and the State Energy Resources Conservation and Development Commission, to direct electrical corporations to file applications for programs and investments to accelerate widespread deployment of distributed energy storage systems, as defined. The bill would *authorize the PUC to approve, or modify and approve, programs and investments in distributed energy storage systems, as provided, and would require the PUC to first approve those* programs and investments that provide distributed energy storage

systems to industrial, commercial, and low-income customers. The bill would authorize the PUC, beginning January 1, 2019, to approve programs and investments for residential customers who enroll in time-variant pricing. Because a violation of any order, decision, rule, direction, demand, or requirement of the commission implementing these requirements would be a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature finds and declares all of the
2 following:

3 (1) The state, through the Public Utilities Commission, has taken
4 action to promote energy storage, including setting energy storage
5 procurement targets applicable for certain load-serving entities,
6 totaling 1,325 megawatts, and for all other load-serving entities,
7 to be met by 2020, with installations of the energy storage systems
8 meeting the procurement targets by no later than the end of 2024.

9 (2) Ratepayer funding is currently allowed to provide incentives
10 to customers who purchase energy storage for permanent load
11 shifting.

12 (3) The Legislature reauthorized the self-generation incentive
13 program to provide incentives to customers who achieve reductions
14 in the emissions of greenhouse gases using technologies like energy
15 storage.

16 (4) The State Energy Resources Conservation and Development
17 Commission funds research and demonstration programs to further
18 the effectiveness of energy storage as an important resource to the
19 electric grid through the Electric Program Investment Charge.

20 (5) Federal Energy Regulatory Commission Order No. 792
21 directs transmission providers to define energy storage devices as
22 generating facilities, thereby enabling these resources to take
23 advantage of generator interconnection procedures.

1 (6) Industrial and commercial customers are subject to the
2 time-of-use tariffs of the load-serving entity providing electric
3 services, some of which also include demand charges. Industrial
4 and commercial customers have challenges modifying their
5 businesses to manage their electricity consumption and costs.

6 (7) Section 745 of the Public Utilities Code authorizes the
7 commission to require or authorize an electrical corporation to
8 employ default time-of-use pricing for residential customers.

9 (8) Changes in customer electricity usage will modify the peak
10 time for electricity demand and effect demand charges in rate
11 design.

12 (9) Properly designed and dispatched energy storage systems
13 will help customers manage energy costs, help reduce overall
14 system peak energy demands, improve public health, and assist in
15 achieving greenhouse gas emissions goals.

16 (10) Increased demand for energy storage technologies will
17 drive new business opportunities and create jobs.

18 (11) Easing energy costs for large energy users will help keep
19 manufacturing and industrial jobs in California.

20 (b) It is the policy of the state and the intent of the Legislature
21 to encourage energy storage as a means to achieve ratepayer
22 benefits, ambient air quality standards, and the state's climate
23 change goals.

24 SEC. 2. Section 2838.2 is added to the Public Utilities Code,
25 to read:

26 2838.2. (a) The following definitions apply to this section:

27 (1) "Distributed energy storage system" means an energy storage
28 system with a useful life of at least 10 years that is located on the
29 customer side of the meter.

30 (2) "Energy storage management system" means a system by
31 which an electrical corporation can manage the charging and
32 discharging of the distributed energy storage system in a manner
33 that provides benefits to ratepayers.

34 (b) The commission, in consultation with the State Air Resources
35 Board and the Energy Commission, shall direct electrical
36 corporations to file applications for programs and investments to
37 accelerate widespread deployment of distributed energy storage
38 systems to achieve ratepayer benefits, reduce dependence on
39 petroleum, meet air quality standards, and reduce emissions of
40 greenhouse gases. Programs and investments proposed by electrical

1 corporations shall seek to minimize overall costs and maximize
2 overall benefits.

3 (c) (1) The commission ~~shall~~ *may* approve, or modify and
4 approve, programs and investments in distributed energy storage
5 systems with appropriate energy storage management systems and
6 reasonable mechanisms for cost recovery from all distribution
7 customers for distribution level distributed energy storage systems,
8 and from transmission customers for transmission level distributed
9 energy storage systems, if they are consistent with ~~the section~~ *this*
10 *section, do not compete unfairly with nonutility enterprises*, and
11 are in the interest of the ratepayers.

12 (2) The commission shall first approve those programs and
13 investments that provide distributed energy storage systems to
14 industrial, commercial, and low-income customers. Beginning
15 January 1, 2019, the commission may approve programs and
16 investments offered to residential customers who enroll in
17 time-variant pricing pursuant to Section 745.

18 (3) *For purposes of this subdivision, to “compete unfairly with*
19 *nonutility enterprises” means to eliminate the ability of nonutility*
20 *enterprises to install distributed energy storage systems for the*
21 *benefit of utility customers.*

22 (d) This section shall remain in effect only until January 1, 2020,
23 and as of that date is repealed, unless a later enacted statute, that
24 is enacted before January 1, 2020, deletes or extends that date.

25 SEC. 3. No reimbursement is required by this act pursuant to
26 Section 6 of Article XIII B of the California Constitution because
27 the only costs that may be incurred by a local agency or school
28 district will be incurred because this act creates a new crime or
29 infraction, eliminates a crime or infraction, or changes the penalty
30 for a crime or infraction, within the meaning of Section 17556 of
31 the Government Code, or changes the definition of a crime within
32 the meaning of Section 6 of Article XIII B of the California
33 Constitution.